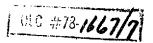
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8,001 13/8

Director of Central Intelligence MEMORANDUM FOR:

Deputy Director of Central Intelligence VIA

John H. Stein FROM

Acting Deputy Director for Operations

GAO Report on Alleged Nuclear Diversion SUBJECT

Our memorandum on the same subject, REFERENCE

dated 30 August 1978

- Action Requested. Review options outlined in paragraph 3 and note recommendations.
- Background. Since forwarding Reference to GAO, there has been no response to our letter. We assume the report, as previously drafted, will stand. GAO has asked us to declassify our contributions to this report. We have worked on sanitization of the report, and this version is attached. The FBI also has been asked to sanitize their contribution and is taking the position that they will not declassify. The Department of Energy's position also is that they do not want to declassify their portion.
- This leaves us with two Staff Position. options:
  - Clear the sanitized report for passage to GAO:
    - Pro This is responsive to GAO's (1)request.

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(2) Con - In our sanitized report, every effort was made to protect intelligence sources and methods	
however, the	
sanitized report still would reveal sensitive	
information when considered together with the	
unclassified collateral material which	1
has appeared in the press and which the House	
Committee on Interior and Insular Affairs has	
published in a booklet.	

b. Advise GAO that we cannot declassify our report because of the need to have a coordinated Executive Branch position and our desire to protect a sensitive and valuable liaison equity.

- (1) Pro (Our reasons are identical to those stated in paragraph 3a(2) above.)
- (2) Con This is unresponsive to GAO's desires.
- 4. <u>Coordination</u>. This has been coordinated with OLC, OGC, NE Division and CTS.
- 5. Recommendation. Option B. If you concur, GAO will be advised orally by OLC.

John H. Stein

John H. Stein

Attachments:

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A. GAO report

B. Booklet,

25X1

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## S E C R E T

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